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FISCAL IMPACT STATEMENT

LS 6084

BILL NUMBER: HB 1048

NOTE PREPARED: Nov 5, 2012

BILL AMENDED:

SUBJECT: LIFE Postsecondary Education Scholarships.

FIRST AUTHOR: Rep. Klinker

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Indiana Lifelong Learning Incentive for Excellence (LIFE) Scholarship Program to provide scholarships to Indiana residents for postsecondary education. It provides for administration of the program by the Commission for Higher Education. The bill also sets forth the amount of a scholarship award, subject to appropriations of the General Assembly. It provides eligibility criteria for potential recipients.

The bill establishes the LIFE Scholarship Fund consisting of Slot Machine Wagering taxes collected after June 30, 2013, and Riverboat Admissions Taxes that would have otherwise been deposited into the state General Fund to replace the admissions tax subsidy for horse racing.

The bill also makes an appropriation.

Effective Date: July 1, 2013.

Explanation of State Expenditures: The bill establishes the LIFE Scholarship Program for college freshmen and sophomore students. To be eligible for the freshman grant, a student must be a graduate from a public or accredited nonpublic school or must have received an Indiana General Education Development (GED) diploma. The bill also allows a student to retroactively qualify for the scholarship if the student has a 3.0 cumulative grade-point average at the end of his or her freshman year and the student did not graduate from a public school or accredited nonpublic school or receive a GED.

Subject to the amount appropriated by the General Assembly, the amount of the scholarship is equal to the

student's actual tuition plus mandatory fees. The impact would depend on the number of students going to college, the tuition and required fees, and other financial aid the students might be eligible to receive. Assuming that about 77,500 high school students graduate each year, 65% go to college, an average tuition in 2013-2014 of about \$9,300, and other scholarships would provide about 25% of the tuition cost, the maximum impact would be about \$351 M the first year and \$702 M the second year. The scholarship amount is subject to the amount appropriated by the General Assembly for LIFE scholarships.

The bill annually appropriates money from the LIFE Scholarship Fund for the scholarships. The LIFE Scholarship Fund consists of revenue from the Riverboat Admission Tax and the Slot Machine Wagering Tax (see *Explanation of State Revenues*).

Explanation of State Revenues: *Summary:* The bill earmarks revenue for the LIFE Scholarship Fund established by the bill that would otherwise be distributed to the state General Fund. The revenue distributions would be from the Riverboat Admission Tax and the State Slot Machine Wagering Tax, both of which are currently distributed to the state General Fund. The distributions would be earmarked for the LIFE Scholarship Fund beginning in FY 2014. Therefore, revenue to the state General Fund would be reduced by the estimated distributions from each tax reported in the table beginning in FY 2014. The FY 2014 estimate is based on the Revenue Technical Committee Forecast (December 14, 2011) for FY 2013 with a full-year reduction in Admission Tax from riverboat casinos in southeast Indiana due to competition from Ohio casinos. (Note: The gaming tax estimates may change after December 17, 2012, once the Revenue Technical Committee publishes forecasts for FY 2014 and FY 2015.)

Source	FY 2014
Riverboat Admission Tax	\$12.9 M
Slot Machine Wagering Tax	\$96.1 M
Total	\$109.0 M

Background Information: Current statute distributes \$0.65 of the riverboat admission tax to the state General Fund. The state slot machine wagering tax is the graduated wagering tax on adjusted gross wagering receipts (AGR) from gaming on slot machines at the state's two racinos. Revenue from the tax is distributed to the state General Fund. The rate structure of the tax is summarized in the table below.

Taxable AGR Increment Earned July 1 st to June 30 th	Tax Rate on AGR Increment
\$100 M and under	25%
Over \$100 M up to \$200 M	30%
Over \$200 M	35%

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Commission for Higher Education; Colleges and universities.

Local Agencies Affected:

Information Sources: Revenue Technical Committee Forecast, December 14, 2011.

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